

Order 98-3-12

Served: March 11, 1998



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 11th day of March, 1998

Applications of

SKY KING, INC.

for certificates of public convenience and necessity under
49 U.S.C. 41102 to engage in interstate and foreign charter
air transportation of persons, property, and mail

**Dockets OST-97-3017
and OST-97-3113**

**ORDER TO SHOW CAUSE
PROPOSING ISSUANCE OF CERTIFICATE AUTHORITY**

Summary

By this order, we tentatively find that Sky King, Inc., is fit, willing, and able to provide interstate and foreign charter air transportation of persons, property, and mail as a certificated air carrier.

Background

Section 41102 of Title 49 of the United States Code (Transportation) ("the statute") directs us to determine whether applicants for certificate authority to provide interstate and foreign charter air transportation are "fit, willing, and able" to perform such transportation, and to comply with the statute and the regulations of the Department. In making fitness findings, the Department uses a three-part test that reconciles the Airline Deregulation Act's liberal entry policy with Congress' concern for operational safety and consumer protection. The three areas of inquiry that must be addressed in order to determine a company's fitness are whether the applicant (1) will have the managerial skills and technical ability to conduct the proposed operations, (2) will have access to resources sufficient to commence operations without posing an undue risk to consumers, and (3) will comply with the statute and regulations imposed by Federal and State agencies. We must also find that the applicant is a U.S. citizen.

On October 15, 1997, Sky King, Inc., filed an application in Docket OST-97-3017 for a certificate to provide interstate charter air transportation of persons, property, and mail pursuant to section 41102. On November 12, 1997, Sky King filed a companion application in Docket OST-97-3113 seeking a foreign charter passenger certificate. Sky King accompanied its applications with the fitness information required by section 204.3 of our regulations.¹

No answers opposing Sky King's applications were filed and no special issues regarding the applicant have come to our attention. Under these circumstances, we propose to decide the issue of the applicant's fitness on the basis of the written record, and we tentatively conclude that Sky King is a U.S. citizen and is fit, willing, and able to operate its proposed interstate and foreign charter passenger service. However, we will give interested persons an opportunity to show cause why we should not adopt as final the tentative findings and conclusions stated herein.

The Company

Sky King was organized as a corporation under the laws of the State of California in September 1990 by its owner, Gregg Lukenbill,² as a flight operations company to service the air transportation needs of the Sacramento Kings Professional Basketball team. Since its formation, the company has, operating under the requirements of Part 125 of the Federal Aviation Regulations (FARs), provided air service for the Sacramento Kings using a BAC-1-11 aircraft configured with 30-passenger seats.³ The company also previously sought and obtained economic authority to engage in interstate charter passenger operations (*see* Order 93-11-39, served November 26, 1993) but never received the requisite Part 121 operating authority from the Federal Aviation Administration (FAA) to have this authority made effective and, hence, this authority was revoked for reason of dormancy in July 1995 (*see* Order 95-7-32, served July 31, 1995).

If its applications are approved, Sky King intends to convert its existing contract operations for the Sacramento Kings from Part 125 operations to Part 121 operations utilizing a B737-200 aircraft configured with 36 passenger seats. In addition, the company will seek other charter business for its customized aircraft.

¹ Sky King filed information supplementing its applications on December 10, 1997, and March 5, 1998.

² Mr. Lukenbill co-owns the applicant with his wife, Janet Lukenbill. Mr. and Mrs. Lukenbill are Sky King's only directors.

³ Sky King has also provided air service under Part 125 to various entertainment groups.

Managerial Competence

Mr. Gregg Lukenbill, Sky King's owner, serves as its President and Director of Safety. In addition to managing Sky King's Part 125 operations since 1990, Mr. Lukenbill has also served as managing partner of the Sacramento Sports Association (1978-1993), Sacramento Kings (1983-1992), and Hyatt Regency Sacramento ownership group (1986-1992). Also, Mr. Lukenbill has been involved with his family's construction and real estate development business since 1972.⁴ In addition to the work experience noted, Mr. Lukenbill obtained a Bachelor of Science in Business Administration degree in 1995 and a Master of Business Administration degree in 1997.

Mr. Ford Dickson, an Airline Transport Pilot with over 26 years of experience, serves as Sky King's Director of Operations. Mr. Dickson has been employed by Sky King since 1990, first serving as a pilot and Chief Pilot with the company prior to assuming his current position in 1993. Before joining Sky King, Mr. Dickson worked for approximately 22 years as a pilot with, among others, Mid-America Airlines, Flight International, Jet Fleet, Rio Airways, and SMB Stage Lines.

Sky King's Chief Inspector will be Mr. John T. Canavan. Mr. Canavan, an Airframe and Powerplant Mechanic, has worked in aviation for approximately 30 years. After serving for four years as a flight mechanic in the United States Air Force, Mr. Canavan began his civilian career as a mechanic with Northeast Airlines where he worked for two years before joining the FAA as a trainee inspector. During the next 15 years, Mr. Canavan progressed through the FAA, serving as the Principal Maintenance Inspector for Orion Air at the end of his FAA employment. Since leaving the FAA in 1985, Mr. Canavan has been self-employed as an aviation consultant and has held senior maintenance positions with principally start-up air carriers including Air 21, Viscount Air Service, and Nations Air. In addition, for approximately seven years, Mr. Canavan served as Continental Airlines' Director of Regulatory Compliance.

Sky King's Director of Maintenance is Mr. Michael Houlihan, an Airframe and Powerplant Mechanic with approximately 17 years of civilian experience in the aviation technical field. Prior to joining Sky King, Mr. Houlihan served for approximately one year as a lead mechanic and manager for Southwest Aero. While at Southwest Aero, he performed and supervised scheduled maintenance and inspections on B737-200 aircraft, as well as other aircraft types. Other work experience of Mr. Houlihan includes serving as a mechanic for various repair stations and Renown Aviation. In addition, Mr. Houlihan served as a crew chief on B707 and DC-10 aircraft for four years while in the U.S. Air Force.

⁴ Initially, Mr. Lukenbill served as a construction project foreman with Lukenbill Construction. In 1976, Mr. Lukenbill and his father acquired the construction company from another family member and formed Lukenbill Enterprises where Mr. Lukenbill serves as managing partner. At present, Lukenbill Enterprises is being phased out of existence and Mr. Lukenbill's duties with this company consist of overseeing the sale of its real estate holdings. According to Mr. Lukenbill, performing this duty requires approximately one-half hour of his time per week.

Mr. Daniel Stanzione, an Airline Transport Pilot with over 6,500 total flight hours, serves as Sky King's Chief Pilot. Mr. Stanzione began his aviation career in 1975 as an aircraft commander in the U.S. Air Force.⁵ He held various flight-related duties in the Air Force for the next 10 years. After leaving the military service in mid-1985, Mr. Stanzione worked briefly as a flight engineer for American Airlines before becoming an insurance salesman and teacher. In 1992, Mr. Stanzione returned to aviation working as a flight instructor and flight manager for American Aero Club prior to joining Sky King as a pilot in 1996.

In view of the experience and background of the applicant's key personnel, we tentatively conclude, subject to the FAA's approving certain of Sky King's key managerial personnel team, that the applicant has demonstrated that it has the management skills and technical ability to conduct its proposed service.⁶

Financial Plan and Operating Proposal

If granted the certificate authority it seeks, Sky King intends to convert its existing Part 125 BAC-1-11 contract operations on behalf of the Sacramento Kings to Part 121 operations using a B737-200 and to solicit other business for its specially configured aircraft.⁷ The company expects that its first year of certificated operations will consist of approximately 234 block hours. Approximately 140 of these hours will be operated pursuant to Sky King's long-term contract with the Sacramento Kings.

Sky King has provided detailed forecasts of its anticipated pre-operating expenses and its operating expenses for its first year of operations. We have reviewed Sky King's first year expense forecasts, on a unit basis, and find that they appear to be reasonable.

Sky King anticipates that it will incur approximately \$400,000 in start-up costs,⁸ and another \$420,000 in operating expenses during three months of normal certificated operations. Thus,

⁵ Prior to becoming a pilot in 1975, Mr. Stanzione worked for approximately 10 years as an intelligence specialist for the Air Force.

⁶ Before authorizing a carrier to conduct air transportation operations, the FAA also evaluates certain of the carrier's key personnel with respect to the minimum qualifications for those positions as prescribed in the FARs. The FAA's evaluation of these key personnel provides an added practical and in-person test of the skills and technical ability of these individuals. The FAA has not yet given its final approval to Sky King's Director of Operations and Chief Pilot. Should the FAA decide not to approve the individuals noted for their positions with Sky King, the applicant will need to submit complete resume and compliance information on their replacements before receiving effective certificate authority from us.

⁷ Sky King does not intend to operate its BAC-1-11 aircraft after receiving Part 121 authority.

⁸ Sky King's start-up costs are low due to the fact that it already has in place its facilities and personnel, the costs of which are paid through its on-going Part 125 operations.

Sky King will need approximately \$820,000 in funds to meet our financial fitness criteria.⁹ Sky King reported net income for the nine months ended September 30, 1997, of \$229,504. More importantly, its balance sheet as of that date shows a financially healthy company. Specifically, this balance sheet shows current assets of \$703,582 and current liabilities of \$56,021 for positive working capital of \$647,561 and a current assets to current liabilities ratio of 12.6:1.¹⁰ It also shows non-current assets of approximately \$4.0 million and long-term liabilities of approximately \$929,420.¹¹ In addition, this balance sheet shows that the company's operations have historically been profitable with retained earnings of approximately \$1.9 million and total stockholder's equity of approximately \$3.7 million.

In view of the foregoing, while it appears that Sky King's current cash-on-hand by itself does not fully meet our funding criteria, its equity position is such that it should be able to borrow any additional funding it may require. Further, Sky King's owners, Mr. and Mrs. Lukenbill, have committed to providing the company with funds from their personal resources, including the assets of Lukenbill Enterprises, should these funds be required.¹² As a final matter, we note that approximately 60 percent of Sky King's forecast revenues are guaranteed under its long-term contract with the Sacramento Kings.

In light of the company's funding plans, we tentatively conclude that Sky King will have sufficient financial resources available to it to enable it to commence its proposed charter passenger operations without posing an undue risk to consumers or their funds.

Compliance Disposition

We also tentatively conclude that Sky King has the proper regard for the laws and regulations governing its services to ensure that its aircraft and personnel conform to applicable safety standards and that acceptable consumer relations practices will be followed.

Sky King has stated that there are no actions or outstanding judgments against it, its owners, or its key personnel, nor have there been, with one exception that was ultimately dismissed, any charges of unfair, deceptive or anti-competitive business practices, or of fraud, felony or antitrust violations brought against any of these parties in the past ten years. Sky King further stated that

⁹ In evaluating an applicant's financial fitness, the Department generally asks that the company have available to it sufficient resources to cover all pre-operating costs plus a working capital reserve equal to the operating costs that would be incurred in three months of normal certificated operations. Because projected operations during one or more of the first three months of anticipated actual air transportation services frequently do not include all costs of operations that will be incurred during a normal period of operations, it is our practice to base our three-month test on one quarter of the first year's operating cost forecast. In calculating available resources, projected revenues may not be used.

¹⁰ Sierra West Bank submitted a letter verifying that Sky King had on deposit funds totaling approximately \$610,000 as of October 13, 1997.

¹¹ Sky King provided independent third-party verification as to the value of certain real estate holdings which comprise the bulk of its non-current assets. These holdings are valued at a minimum of \$2.0 million.

¹² These resources, which consist primarily of real estate holdings and the BAC-1-11 aircraft currently operated by Sky King, are independently valued at a minimum of \$2.8 million.

there are no pending investigations, enforcement actions, or formal complaints filed by the Department against it, its key personnel, or persons having a substantial interest in it with respect to compliance with the statute or the Department's regulations.

According to the applicant, in March 1992 a lawsuit was filed against Sky King's owner, Gregg Lukenbill, alleging fraud. The charges, which were brought by a former business partner of Mr. Lukenbill, were dismissed in late 1992 after the parties reached a settlement agreement. However, in May 1993, the plaintiff in the 1992 case renewed his charges against Mr. Lukenbill through the filing of a new lawsuit. This lawsuit was decided in favor of the defendant, Mr. Lukenbill, without any findings of fraud. Given the outcome of this lawsuit, there is no evidence that Mr. Lukenbill lacks a satisfactory compliance disposition. Further, our search of the Department's records found no compliance problems with Sky King, its owners, or its key personnel. In addition, the FAA has advised us that the company has applied for certification under Part 121 of the Federal Aviation Regulations and that it knows of no reason why we should act unfavorably on the company's application.

CITIZENSHIP

Section 41102 requires that certificates to engage in air transportation be held only by citizens of the United States as defined in 49 U.S.C. 40102(a)(15). That section requires that the president and two-thirds of the Board of Directors and other managing officers be U.S. citizens and that at least 75 percent of the outstanding voting stock be owned by U.S. citizens. We have also interpreted the statute to mean that, as a factual matter, the carrier must actually be controlled by U.S. citizens.

As noted elsewhere in this order, Sky King is wholly owned by Mr. and Mrs. Gregg Lukenbill, both U.S. citizens. In addition, all of the company's key personnel are also U.S. citizens and Sky King has provided an affidavit attesting that it is a citizen of the United States within the meaning of the statute and that it is actually controlled by U.S. citizens. Finally, our review of the applicant's citizenship has uncovered no reason to suggest that control of Sky King rests with non-U.S. citizens.

Based on the above, we tentatively conclude that Sky King is a citizen of the United States and is fit, willing, and able to conduct the interstate and foreign charter passenger operations proposed in its applications.

PUBLIC CONVENIENCE AND NECESSITY

No finding of consistency with the public convenience and necessity is required for the award of authority for interstate charter air transportation under section 41102, although such a finding is required for authority to engage in foreign charter air transportation.

We tentatively find that the foreign charter air transportation proposed by Sky King is consistent with the public convenience and necessity. By Order 78-7-106, which instituted the *Former Large Irregular Air Service Investigation*, the Civil Aeronautics Board found that there was a continuing demand and need for additional charter air carriers. These findings remain valid and apply to the authority sought by Sky King. Therefore, if Sky King meets the fitness

requirements of the statute, it will receive certificates authorizing it to engage in interstate and foreign charter air transportation of persons, property, and mail under section 41102.¹³

OBJECTIONS

We will give interested persons 14 calendar days following the service date of this order to show cause why the tentative findings and conclusions set forth here should not be made final; answers to objections will be due within 7 calendar days thereafter. We expect such persons to direct their objections, if any, to the applications and points at issue and to support such objections with detailed economic analyses. If an oral evidentiary hearing or discovery procedures are requested, the objector should state in detail why such a hearing or discovery is considered necessary, and what material issues of decisional fact the objector would expect to establish through a hearing or discovery that cannot be established in written pleadings. The objector should consider whether discovery procedures alone would be sufficient to resolve material issues of decisional fact. If so, the type of procedure should be specified (*See* Part 302, Rules 19 and 20); if not, the reasons why not should be explained. We will not entertain general, vague, or unsupported objections. If no substantive objections are filed, we will issue an order that will make final our tentative findings and conclusions with respect to Sky King's fitness and certification.

CERTIFICATE CONDITIONS & LIMITATIONS

If Sky King is found fit and issued the certificates it seeks, its authority will not become effective until the company has fulfilled all requirements for effectiveness as set forth in the terms and conditions attached to its certificates. Among other things, this includes our receipt of evidence that Sky King has been certified by the FAA to engage in the subject operations, a fully-executed OST Form 4520 evidencing liability insurance coverage that meets the requirements of Part 205 of our rules, and a revised list of pre-operating expenses already paid and those remaining to be paid, along with third-party verification that the company has available, either through deposits in its own name or a line-of-credit, sufficient funds to meet our financial fitness criteria.

Furthermore, we remind Sky King of the requirements of 49 U.S.C. 41110(e). Specifically, that section requires that, once a carrier is found fit initially, it must remain fit in order to hold its authority. To be assured that certificated air carriers continue to be fit after effective authority has been issued to them, we require that they supply information describing any subsequent substantial changes they may undergo in areas affecting fitness.

Our tentative findings stated above are based on the operating plan described in Sky King's application which utilizes a single specially configured B737 aircraft. These findings might no longer apply if the company were to substantially change the scope or nature of its operations through the introduction of additional aircraft. Therefore, once the applicant's certificate becomes effective, should Sky King propose to acquire any aircraft beyond the single B737 referenced in its application, it must notify the Department in writing at least 45 days in advance and demonstrate its fitness for such operations prior to implementing service with any additional

¹³ Pursuant to 49 U.S.C. 41307, issuance of foreign authority to Sky King is subject to Presidential review.

aircraft. Furthermore, should Sky King propose other substantial changes in its ownership, management, or operations, it must first comply with the requirements of section 204.5 of our rules.¹⁴ The compliance of the company with this requirement is essential if we are to carry out our responsibilities under section 41110(e).¹⁵

Moreover, to aid the Department in monitoring the fitness of new carriers, we have decided to impose a special reporting requirement on all start-up carriers. Specifically, within 45 days of the end of the start-up carrier's first year of actual flight operations, it should submit to the Air Carrier Fitness Division a first year progress report. The report should include a description of the carrier's current operations (number and type of aircraft, principal markets served, total number of full-time and part-time employees), a summary of how these operations have changed during the year, a discussion of any changes it anticipates from its current operations during its second year, current financial statements,¹⁶ and a listing of current senior management and key technical personnel. The carrier should also be prepared to meet with staff members of the Fitness Division to discuss its current and future operations.

ACCORDINGLY,

1. We direct all interested persons to show cause why we should not issue orders making final the tentative findings and conclusions stated above and award certificates to Sky King, Inc., authorizing it to engage in interstate and foreign charter air transportation of persons, property, and mail, subject to the attached specimen Terms, Conditions, and Limitations.

2. We direct any interested persons having objections to the issuance of orders making final any of the proposed findings, conclusions, or the certificate awards set forth here to file them with Department of Transportation Dockets, Department of Transportation, 400 Seventh Street, SW, Washington, D.C. 20590, in Dockets OST-97-3017 and OST-97-3113, and serve them upon all persons listed in Attachment A no later than 14 calendar days after the service date of this order; answers to objections shall be filed no later than 7 calendar days thereafter.

¹⁴ The carrier may contact our Air Carrier Fitness Division to report proposed substantial changes in its operations, ownership, or management, and to determine what additional information, if any, will be required under section 204.5. If the carrier fails to file the information or if the information fails to demonstrate that the carrier will continue to be fit upon implementation of the substantial change, the Department may take such action as is appropriate, including enforcement action or steps to modify, suspend, or revoke the carrier's certificate authority.

¹⁵ We also remind Sky King about the requirements of section 204.7 of our rules. This section provides, among other things, that (1) the certificate authority granted to a company shall be revoked if the company does not commence actual flying operations under that authority within one year of the date of the Department's determination of its fitness; (2) if the company commences operations for which it was found fit and subsequently ceases such operations, it may not resume certificated operations unless its fitness has been redetermined; and (3) if the company does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.

¹⁶ These financial statements should include a balance sheet as of the end of the company's first full year of actual flight operations and a twelve month income statement ending that same date.

3. If timely and properly supported objections are filed, we will accord full consideration to the matters or issues raised by the objections before we take further action.¹⁷
4. In the event that no objections are filed, we will consider all further procedural steps to be waived and we will enter an order making final our tentative findings and conclusions.
5. We will serve a copy of this order on the persons listed in Attachment A.
6. We will publish a summary of this order in the Federal Register.

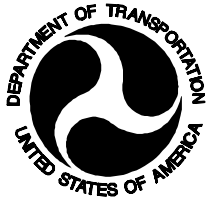
By:

CHARLES A. HUNNICUTT
Assistant Secretary for Aviation
and International Affairs

(SEAL)

*An electronic version of this document is available on the World Wide Web at:
<http://dms.dot.gov/dotinfo/general/orders/aviation.html>.*

¹⁷ Since we have provided for the filing of objections to this order, we will not entertain petitions for reconsideration.



SPECIMEN

Terms, Conditions, and Limitations

SKY KING, INC.

is authorized to engage in interstate charter air transportation of persons, property, and mail between any point in any State, territory, or possession of the United States or the District of Columbia, and any other point in any of those entities.

This authority is subject to the following provisions:

- (1) The authority to operate under this certificate will not become effective until six (business) days after the Department has received the following documents; provided, however, that the Department may stay the effectiveness of this authority at any time prior to that date:
 - (a) A copy of the holder's Air Carrier Certificate and Operations Specifications authorizing such operations from the Federal Aviation Administration (FAA).
 - (b) A certificate of insurance on OST Form 6410 evidencing liability insurance coverage meeting the requirements of 14 CFR 205.5(b) for all of its aircraft.
 - (c) A statement of any changes the holder has undergone in its ownership, key personnel, operating plans, financial posture, or compliance history, since the date of the Show Cause Order in this case.
 - (d) A revised list of pre-operating expenses already paid and those remaining to be paid, as well as independent verification that the holder has available to it funds sufficient to cover any remaining pre-operating expenses and to provide a working capital reserve equal to the operating costs that would be incurred in three months of operations.
- (2) Pending receipt of effective authority, the holder may not accept payment of any kind (i.e., cash, check, or credit card), issue tickets for the operations proposed under this certificate, or enter into contracts with charter operators, and any advertisement by the holder must prominently state: "This service is subject to receipt of government operating authority."
- (3) The holder shall at all times conduct its operations in accordance with the regulations prescribed by the Department of Transportation for the services authorized by this certificate, and with such other reasonable terms, conditions, and limitations as the Department of Transportation may prescribe in the public interest.

(4) The holder's authority is effective only to the extent that such operations are also authorized by the FAA.

(5) The holder shall at all times remain a "Citizen of the United States" as required by 49 U.S.C. 40102(a)(15).

(6) The holder shall maintain in effect liability insurance coverage as required under 14 CFR Part 205. Failure to maintain such insurance coverage will render a certificate ineffective, and this or other failure to comply with the provisions of Subtitle VII of Title 49 of the United States Code or the Department's regulations shall be sufficient grounds to revoke this certificate.

(7) The holder is not authorized to engage in air transportation operations between points within the State of Alaska.

(8) Should the holder propose any substantial changes in its ownership, management, or operations (as that term is defined in 14 CFR 204.2(n)), it must first comply with the requirements of 14 CFR 204.5.

(9) In the event that the holder does not commence actual flying operations under this certificate within one year of the date of the Department's determination of its fitness, its authority shall be revoked for dormancy. Further, in the event that the holder commences operations for which it was found "fit, willing, and able" and subsequently ceases all such operations, its authority under this certificate shall be suspended under the terms of 14 CFR 204.7 and the holder may neither recommence nor advertise such operations unless its fitness to do so has been redetermined by the Department. Moreover, if the holder does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.



SPECIMEN

Terms, Conditions, and Limitations

SKY KING, INC.

is authorized to engage in foreign charter air transportation of persons, property, and mail:

Between any place in the United States and any place outside thereof.

This authority is subject to the following provisions:

(1) The authority to operate under this certificate will not become effective until six (business) days after the Department has received the following documents; provided, however, that the Department may stay the effectiveness of this authority at any time prior to that date:

(a) A copy of the holder's Air Carrier Certificate and Operations Specifications authorizing such operations from the Federal Aviation Administration (FAA).

(b) A certificate of insurance on OST Form 6410 evidencing liability insurance coverage meeting the requirements of 14 CFR 205.5(b) for all of its aircraft.

(c) A statement of any changes the holder has undergone in its ownership, key personnel, operating plans, financial posture, or compliance history, since the date of the Show Cause Order in this case.

(d) A revised list of pre-operating expenses already paid and those remaining to be paid, as well as independent verification that the holder has available to it funds sufficient to cover any remaining pre-operating expenses and to provide a working capital reserve equal to the operating costs that would be incurred in three months of operations.

(2) Pending receipt of effective authority, the holder may not accept payment of any kind (i.e., cash, check, or credit card), issue tickets for the operations proposed under this certificate, or enter into contracts with charter operators, and any advertisement by the holder must prominently state: "This service is subject to receipt of government operating authority."

(3) The holder shall at all times conduct its operations in accordance with the regulations prescribed by the Department of Transportation for the services authorized by this certificate, and with such other reasonable terms, conditions, and limitations as the Department of Transportation may prescribe in the public interest.

- (4) The holder shall at all times conduct its operations in accordance with all treaties and agreements between the United States and other countries, and the exercise of the privileges granted by this certificate is subject to compliance with such treaties and agreements and with any orders of the Department of Transportation issued under them or for the purpose of requiring compliance with them.
- (5) The exercise of the authority granted here is subject to the holder's first obtaining from the appropriate foreign governments such operating rights as may be necessary.
- (6) The holder's authority is effective only to the extent that such operations are also authorized by the FAA.
- (7) The holder shall at all times remain a "Citizen of the United States" as required by 49 U.S.C. 40102(a)(15).
- (8) The holder shall maintain in effect liability insurance coverage as required under 14 CFR Part 205. Failure to maintain such insurance coverage will render a certificate ineffective, and this or other failure to comply with the provisions of Subtitle VII of Title 49 of the United States Code or the Department's regulations shall be sufficient grounds to revoke this certificate.
- (9) Should the holder propose any substantial changes in its ownership, management, or operations (as that term is defined in 14 CFR 204.2(n)), it must first comply with the requirements of 14 CFR 204.5.
- (10) In the event that the holder does not commence actual flying operations under this certificate within one year of the date of the Department's determination of its fitness, its authority shall be revoked for dormancy. Further, in the event that the holder commences operations for which it was found "fit, willing, and able" and subsequently ceases all such operations, its authority under this certificate shall be suspended under the terms of 14 CFR 204.7 and the holder may neither recommence nor advertise such operations unless its fitness to do so has been redetermined by the Department. Moreover, if the holder does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.

SERVICE LIST FOR SKY KING, INC.

Attachment A

GREGG LUKENBILL
PRESIDENT
SKY KING INC
3600 POWER INN ROAD
SACRAMENTO CA 95826

RICHARD BIRNBACH AFS-500
MGR FIELD PROGRAMS DIV
FAA BOX 20034
DULLES INTL AIRPORT
WASHINGTON DC 20041

MGR FLIGHT STANDARDS DIV
FAA AWP200
WESTERN PACIFIC REGION HDQ
P O BOX 92007
WORLD POSTAL CENTER
LOS ANGELES CA 90009

JOHN H CASSADY AGC-2
DEPUTY CHIEF COUNSEL
FEDERAL AVIATION ADMIN
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FAA AWP7
WESTERN PACIFIC REGION HDQ
P O BOX 92007
WORLD POSTAL CENTER
LOS ANGELES CA 90009

TIM CARMODY K-25
DIRECTOR
OFFICE OF AIRLINE INFO
DEPT OF TRANSPORTATION
400 SEVENTH ST SW
WASHINGTON DC 20590

MANAGER FSDO
FEDERAL AVIATION ADMIN
SACRAMENTO EXEC AIRPORT
6650 BELLEAU WOOD LANE
SACRAMENTO CA 95822

RICHARD NELSON
OFFICIAL AIRLINE GUIDE
2000 CLEARWATER DR
OAK BROOK IL 60521

QUENTIN SMITH
MANAGER AFS-200
AIR TRANSPORT DIV
FEDERAL AVIATION ADMIN
800 INDEPENDENCE AVE SW
WASHINGTON DC 20591

JIM ZAMMAR
DIR OF REV ACCOUNTING
AIR TRANSPORT ASSOC
STE 1100
1301 PENNSYLVANIA AVE NW
WASHINGTON DC 20004

AMERICAN ASSOC OF
AIRPORT EXEC
4224 KING STREET
ALEXANDRIA VA 22302

ALAN MUTEN
AST TREASURER STE 800
AIRLINES REPORTING CORP
1530 WILSON BLVD
ARLINGTON VA 22209